

# **Exhibit K**

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**THE PORT AUTHORITY OF NEW YORK & NEW JERSEY**  
**August 19, 2011 Board Meeting Transcripts**

Chairman Samson: The Board Meeting of the Port Authority of New York and New Jersey and its subsidiaries is now called to order. The Commissioners met in Executive Session prior to today's Board Meeting to discuss matters related to the purchase, sale, or lease of real property or securities where disclosure would affect the value thereof or the public interest. Today's presentation on proposed changes to our toll and fare structure for the Port Authority's vehicular crossings and the PATH system will be presented by our Chief Financial Officer, Michael Fabiano. Mike.

Michael Fabiano: Good Morning, Commissioners. I appreciate the opportunity to present for your approval a new toll and fare structure for our tunnels, bridges, and PATH system. But before I begin, I would just like to take a second to thank Jim Mackey, who worked closely with me and the executive staff of both States in helping to craft this plan. So thank you, Jim. Okay. The historic economic recession has had a dramatic effect on the Port Authority, and we have lost \$2.6 billion in net revenue from what was projected when we last set the 10-year Capital Plan in 2007. Since 9/11, our annual capital and security costs have nearly tripled, and we have spent approximately \$6 billion in security for our facilities. Finally, we are investing over \$11 billion to rebuild the World Trade Center site. At the same time, there is a need to overhaul our aging facilities, some of which are over 100-years old, and to build modern facilities for the future needs. Like everybody else, we've been managing in an economic downturn, and the Port Authority started cost-cutting management measures going back to 2004. Since 2004, the Agency reduced non-public safety staffing levels by more than 700 positions or approximately 12 percent. In addition, we have delivered three consecutive years of zero growth operating budgets. To achieve these zero growth budgets, we restructured functions, we leveraged technology, and we streamlined business processes and significantly reduced consultant services. But this constrained operating environment also required us to reprioritize and defer millions of dollars in capital program spending that we had in the pipeline. In order to maintain and grow the critical transportation infrastructure that serves the bi-state region, the toll and fare increases are essential if the Port Authority is to have the financial capabilities necessary to drive this region forward. As you can see, under this proposal developed in consultation with Governors Cuomo and Christie, and as can be seen on the screen, car tolls would be raised \$1.50 in September and 75 cents each December through 2015. Truck tolls would increase \$2 per axle in September and again each December through 2015. Cars and trucks not using E-ZPass would pay a penalty of \$2 per car and \$3 per truck axle. We believe this cash penalty will encourage drivers to move to E-ZPass, which in turn will reduce congestion on our bridges and tunnels. Finally, PATH fares would increase 25 cents in September and again in each October of 2012, '13, and '14. Taken together, these increases, modified from the initial proposal put forward to the Board and public, will assure our continued financial stability, create tens of thousands of jobs, and improve our infrastructure. As you know, we held a record number of public hearings with record turnout at nine locations, including one on-line. In addition, we received comments via mail and our website. A public meeting was also added in Staten Island at the request of the Staten Island community. We heard many compelling stories from a broad spectrum of individuals across the region. We heard from those who oppose the plan, and we heard from those who support the plan, including over 60 organizations representing business, labor, and environmental groups. Finally, our Governors provided guidance that we used to reach today's proposal. Again, these increases are imperative if we are to accomplish the much-needed projects to advance the Agency's infrastructure and economic growth mission. This toll and fare increase will allow the Port Authority to invest

\$25.1 billion in critical infrastructure projects that will provide an efficient, safe, and secure transportation network for our customers who rely on this Agency every day. This will also allow the Agency to access the capital markets while maintaining our strong credit ratings and meeting all of our statutory bond covenants. This Capital Plan will also benefit the region by generating 131,000 new jobs, \$7.6 billion in wages, and over \$30 billion in sales. At our tunnel and bridge facilities, massive investments are planned to modernize existing vehicular and bus facilities, some over 85 years old, which are presently used by 120 million vehicles and 3 million bus movements each year. As you can see in the side-by-side photos, one of the key projects supported by the tolls increase is raising the roadway at the Bayonne Bridge, which will accommodate the largest ships expected to call on the Port with the opening of the expanded Panama Canal. It is investment in the competitiveness of our ports as well as the 230,000 jobs and \$25 billion in sales they generate. Other key tunnel and bridge needs include replacing the Goethals Bridge, replacing the suspender ropes at the George Washington Bridge, reconstructing the Lincoln Tunnel helix, and rehabilitating roads, decks, and vital ventilation systems such as those at the Lincoln Tunnel. On the PATH system, PATH, as do most rapid transit systems, operates at a deficit. Unlike other systems, taxes or federal funds do not subsidize PATH. This toll and fare increase will allow us to invest \$3 billion to rebuild and add capacity to a system, which is over 100 years old, serves nearly 74 million passengers, and is a key transit system linking New Jersey and New York. Here we see a photo of the Exchange Place platform, which has already been extended to accommodate 10 cars and is an example of what we plan to do at other station platforms along the World Trade Center-Newark line. Other major projects at PATH include completing the New Car Purchase Program, the Signal System Replacement Program, upgrading and replacing the power systems, and enhancing security systems such as a water management system, new electrical duct banks, structural improvements, and tunnel erosion protection. At Aviation, we will upgrade one of the busiest airport networks in the world which serves over 100 million passengers, transports more than 2 million tons of cargo, and supports 455,000 jobs in the region annually. Combined, this inter-regional airport system has 285 miles of roadways, runways, and taxiways. The runways and taxiways require regular rehabilitation to ensure FAA compliance. Replacement and rehabilitation of runways and taxiways represents a significant portion of the projects to be undertaken at our airports. Other priority Aviation projects include the rehabilitation and overhaul of AirTrain, upgrading utilities and power systems, improving airside access controls for increased facility security, and installing hardened barriers to protect terminals and other airport properties. Port Commerce division, to ensure optimal throughput of goods and to maintain our competitive position among other ports, we need to provide passage for megaships of the future and direct links from docks to rails to exceed the current 3 million containers that we handle annually. The importance of our ports is evidenced by the handling of over \$175 billion in cargo and approximately 31 percent of all East Coast cargo in 2010. Some 4,800 ship calls came in from all over the world. This photo shows an example of our investment in dock to rail through the ExpressRail facilities. Other projects that will help maintain the Ports' competitiveness include terminal redevelopment, replacement and rehabilitation of piers, berths, and wharfs, expanding and enhancing capacity on roadways, and ensuring only authorized individuals can access secure areas of the port. And finally, the World Trade Center. We are going to complete the rebuilding of the World Trade Center site, including the secure state-of-the-art office and retail complex, a multi-connection Transportation Hub for commuters, infrastructure for the 9/11 Memorial, the Vehicle Security Center, and all the remaining site infrastructure. Commissioners, we recognize the difficulty of deciding to raise tolls and fares at this time. However, it is required to meet critical facility needs now as well as into the future. The region depends on the Port Authority for moving goods and people safely and reliably. Over the next four years, the Port Authority needs

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to fund approximately \$15 billion in capital spending. Over the next 10 years, 131,000 new jobs will be created, \$7.6 billion in wages will be generated, and over \$30 billion in sales will be created by our capital investments. Commissioners, I request your approval of these items. Thank you.

Chairman Samson: Thank you, Mike. We have several members of the public who have registered to comment on Port Authority matters today. The first speaker is Gary La Barbera, President of the Building and Construction Trade Council of Greater New York.

Gary La Barbera: Thank you. Good morning, Commissioners. First of all, let me say it's a pleasure for me to be here and have an opportunity to make some comments. I actually had prepared comments that I was going to read. Many of those comments have just been covered about the virtues of this plan and the importance of a strong, robust capital plan. So I'm going to defer from that and just talk to you for two moments from my heart and on behalf of the 100,000 members of the Building Trades Council in New York City. And these are the faces of some of the members that are here in this room today. These are the people and the lives behind all of those numbers that you hear about unemployment. Two very important points to this plan. One is the Port Authority has always been and should continue to be an economic engine in this region. And economic growth is reliant upon a sustainable and very, very strong infrastructure system. You need to have progress if you're going to have economic development. And transportation is one of the most important things that leads to economic development. We hear every day in the news, on the television about the unemployment in the City, unemployment in the Country, and it is encumbered upon us to take very, very courageous steps to address two issues here today. One is the needs of the infrastructure that need to be met so that we can have a robust economy and we can have continued economic growth in this region. Second is an opportunity for job creation. You've heard this is 131,000 jobs over the next 10 years. Sixty-six percent of this capital plan will be started and spent in the next four years. These are shovel-ready projects that will create employment now, and that's what we need. It's so important that you support this and vote yes for this plan. So, on behalf of the 100,000 members in the building construction trades and their families, we urge you to vote yes on this plan. And finally, I'd just like to thank both Governors for their courage and their support and their cooperation with the Commissioners on this plan. Thank you very much.

Chairman Samson: Thank you. The next speaker is Philip Beacham of the New Jersey Alliance for Action.

Philip Beacham: Good morning, Mr. Chairman, members of the Board. I'm Phil Beacham, President of the New Jersey Alliance for Action. We are a non-profit, non-partisan organization representing business, labor, academic, professional, and governmental organizations in New Jersey. For the past 37 years, the Alliance has worked to support economic growth in the region through investments in the region's infrastructure. Those investments, whether they are on roads, bridges, ports, or airports, are the fundamental foundation for the region's economy. Since the inception of this Agency, the Port Authority of New York and New Jersey has been a major player and catalyst of that economic growth. That is why I am here today to register our strong support for your actions in approving toll hikes to support your continued investment in maintaining and expanding the region's economic growth. To be sure, these are difficult economic times for everyone. Difficult times require tough choices. But these times also represent opportunities to build projects at significant savings, as bids on most capital projects are coming in substantially below engineering estimates. Perhaps more importantly and most importantly, this proposal will put people to work,

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generating much-needed incremental tax revenues for both States. In the end, the projects to be funded by these increases will ultimately directly benefit the users of the system and will enable the Authority to complete these necessary improvements at the lowest competitive cost. Thank you for the opportunity to present our views to you today on this important issue.

Chairman Samson: Thank you. Our next speaker is Robert Yaro, President of the Regional Plan Association.

Robert Yaro: Hi, I'm Bob Yaro. I apologize for my cold and hoarse voice, but I want to strongly support the action that's before you today. We know how difficult it is for you and for the Governors to propose toll and fare increases in these difficult economic times, but we also recognize just how important these investments are, this \$25 billion in new investments in infrastructure that will be made as a result of these toll and fare increases will be for the metropolitan area. I believe that these investments are more important than ever. The Port Authority celebrates its 90th anniversary this year. For 90 years the Port essentially has been one of the engines of the economy of the New York-New Jersey metropolitan region. It's made this place the successful place that it is, and we need to continue to do it. The reality is that there are a growing number of emerging world cities in Asia and Latin America, as well as in Europe that are investing in similar facilities. Their goal is to clean our clocks. And unless we make these investments, we really place the long-term economic success of this region at risk. So again, I applaud the courage behind the decision to move ahead with this, applaud the Governors for getting behind this very important investment that we're talking about today, and urge you to move ahead with this action today. Thank you very much.

Chairman Samson: Thank you. The next speaker is Richard Anderson, the President of the New York Building Congress.

Richard Anderson: Good morning, Chairman Samson, Vice-Chairman Grayson, members of the Commission. I'm pleased to be here representing the common interests of the building industry in New York City. We're a \$25 billion a year business. And for the last 90 years, as Bob Yaro said, the Port Authority has been a key growth stimulus behind the metropolitan region surrounding the Port of New York and New Jersey. And what an economic engine it has been. From port facilities to Trans-Hudson bridges and tunnels to a global leader in aviation, the Port Authority has done as much as any single organization to create the world's largest metropolitan economy. And we have to remember that this metropolitan economy is larger than almost any country in the world except the top five or six. Now it is time for another era of Port Authority investment, and never has it been more needed. The \$25 billion 10-year Capital Plan before this Board addresses a host of critical needs which should not be delayed. The New York-New Jersey metropolitan region will continue to be a world leader with this capital infusion, or it will fall behind without it. In New York City alone, construction jobs have declined by more than 30,000 in the past two years. Skilled trades people in the building industry need this work, and the economy needs this infrastructure maintenance and expansion. The revised fare and toll increases recommended jointly by Governors Andrew Cuomo and Chris Christie deserve the unanimous support of the Board of Commissioners. This financing represents fees paid directly by users of the regional transportation system, all beneficiaries of the metropolitan economy. The New York Building Congress urges your approval of the Governors' five-year financial plan which assures increased funding for the PA through 2015. And we think this is a very important step, that you've got an assured five-year financial plan. Thank you very much.

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Chairman Samson: Thank you. The next speaker is Brad Hoylman, Executive Vice President and General Counsel of the Partnership for New York City.

Brad Hoylman: Good morning Mr. Chairman and Commissioners. I'm here on behalf of Kathryn Wylde, the President and CEO of the Partnership for New York City. The Partnership for New York City represents the leadership of New York's international business community. Our mission is to promote economic growth, quality, infrastructure and educational excellence. First, the partnership thanks Governor Cuomo and Governor Christie and the Commissioners for coming up with alternative toll and fare increases. Toll increases are never welcome and are particularly tough on business during a slow economy. We always think that government agencies should look first at how to restructure and reframe their expenses in capital plans before pushing for new revenues. In the current situation, however, it's clear that the Port Authority has incurred tremendous expenses over the past decade that were clearly beyond its control. The repercussions on the attack on the World Trade Center resulted in a series of major, unpredictable capital and operating expenses. It's therefore not surprising that an increase in user fees is required. The public works infrastructure that are owned and managed by the Port Authority are integral to the nation and region's economic health and necessary to virtually every business that is located here. Equally essential for the region and the Country is that the World Trade Center be rebuilt as one of the nation's most important commercial centers as a tribute to those we lost on 9/11 and as a symbol of our resilience and endurance. Improved facilities and the proposed new incentives to use E-ZPass and travel in off-peak hours will also lead to reduction in regional traffic congestion. According to a study conducted by the partnership, the New York metropolitan region's economy loses more than \$13 billion each year due to traffic congestion. Some of the additional costs of increased tolls will certainly be offset by savings resulting from reduced congestion. Projects funded by the toll increases will also help with retention of industry in the metropolitan area. For example, the Bayonne Bridge must be elevated by some 64 feet to accommodate large cargo ships. The regional economy depends heavily on the shipping industry, which supports \$36 billion in economic activity and nearly some 300,000 jobs. Already some New York businesses are choosing to locate their freight distribution hubs in other parts of the country due to how difficult it is to move goods in and out of the region. Forgoing this project will result in our Ports losing even more cargo businesses to competitors along the Eastern Seaboard. The partnership doesn't believe that higher tolls, higher fees or higher taxes are generally good for economic growth, but we urge the Board to carefully review this budget, consider where efficiencies can be achieved, and then proceed with the assessments necessary to keep the region strong. We strongly support the increases as reviewed. Thank you.

Chairman Samson: Thank you. The next speaker is Margaret Donovan from the Twin Towers Alliance.

Margaret Donovan: Good Morning, Commissioners. By proposing this one toll hike, the Port Authority confirms that officials cannot be trusted to make politically difficult choices if the public is not looking over their shoulders. What good is having an open meetings policy in your By-Laws if it is just blah-blah? None of the past 10 years' mistakes could have happened if the Board had faithfully observed that one policy. If a private corporation were run the way this Authority has been, it would have had the Attorney General breathing down its neck, its stiff neck, years ago. The World Trade Center is not just one of your facilities. When it is said that the Port Authority owns the site, what does that mean? Does the Executive Director own the site? Do the Commissioners own the site? Do the Agency's bureaucrats or rank and file own the site? Do the two Governors



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own the site? Of course not. So, where does this Authority get its authority? From the people who pay the bills and get nothing but lip service in return. From the people who are locked out of your deliberations and denied access to contracts that are not your contracts, but the public's contracts, contracts that created a monster at Ground Zero. The only conceivable reason why your General Counsel and Board Secretary would be willing to tarnish their records by denying us the access to contracts that the public has every right to see under the law is that they are shielding those who buckle to political pressure and fail to protect a premier public asset from the wolves. Don't blame Pataki. Don't blame Ward. Blame everyone who has warmed a chair at that table over the last 10 years. In late 2009, Mayor Bloomberg made the bizarre comment that Silverstein's lease and agreement with the Port Authority cannot be challenged. Larry has everybody by the proverbials. He really does. Nobody likes it, but that's the truth, the Mayor said. Really? How did a man who was simply our tenant on 9/11/2001 gain all this great power that he never paid for? Who gave it to him and why? There is no time to say more here, but there is a detailed account of the anatomy of a swindle at the Twin Towers Alliance website. We are all for investment, the right kind. Nowhere in private industry would something so troubled be allowed to proceed, no matter what stage it had reached, without the findings of an expedited, independent, transparent cost-benefit analysis. It could have and should have been done years ago. It must be done now because you are not spending your own money. As the acclaimed architect Renzo Piano once said "If a writer makes a bad book, eh, people don't read it. But if you make bad architecture, you impose ugliness on a place for a hundred years." We can still put our heads together and build a legendary World Trade Center instead of the glorified office park we are all now settling for. It's not too late to do the right thing. Thank you.

Chairman Samson: Thank you. The next speaker is Richard Hughes of the Twin Towers Alliance.

Richard Hughes: Good Morning. Here's what the public really needs to know about the proposed toll increases. None of this ever needed to happen. The only reason for these proposed increases is to cover up the utter incompetence of the Port Authority at Ground Zero. The fact is this. After 9/11, Larry Silverstein was legally obligated by the terms of his contract with the Port Authority to rebuild the Twin Towers using his own money. Furthermore, he was obligated to clear the site. Again, using his own money. And he had billions of dollars in insurance proceeds coming his way with which to do so. But for reasons that have never been adequately explained to the public, despite repeated Freedom of Information requests by the Twin Towers Alliance, Larry Silverstein was let out of his contract. Nevertheless, he still controls the agenda at Ground Zero, even though he has none of his own money at risk. Let me repeat. If the Port Authority had simply done its civic duty after 9/11, today we would have gleaming new twin towers soaring above lower Manhattan, and they would have been up for years, at no expense to the people of New York and New Jersey. Not only were new twin towers what the American people wanted all along, not only was building them the right thing to do morally and politically, it was the financially and economically responsible thing to do as well. Even just 3 years ago, when we sat in Christopher Ward's office, as Ken Gardner presented his Twin Towers II plan, it was obvious the Port Authority could still save billions of dollars if it embraced the Gardner plan instead of the current disastrous one. Remember, at that point, Ground Zero was little more than a hole in the ground. But instead of adopting a plan that would save billions of dollars and which according to an MSNBC poll 90% of the American people preferred to the Freedom Tower design, Ward put the unpopular, costly current plan on steroids with the predictable result that the public is now being asked to foot the bill for the Port Authority's arrogance, extravagance and incompetence. Here's what needs to be done. The site

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needs to be transferred immediately to the American people. It was the American people who were attacked on 9/11, not just the Port Authority. The current plan should be converted to the Twin Towers II plan. All those workers on the site would be retained and hundreds more hired as well. Finally, a thorough investigation needs to be launched to find out how Silverstein got out of his contract and where all the money went. One thing is certain. The Port Authority made this mess, and the Port Authority needs to pay for this mess, not the commuters of New York and New Jersey. Thank you.

Chairman Samson: Thank you. The next speaker is Ricardo Kolesar.

Ricardo Kolesar: Good Morning, Commissioners. My name is Ricardo Kolesar. I live in Jersey City, and I take the PATH train to my job 5 days a week, and I'm going to say no fare hikes. And while I'm understanding of the challenges the Port Authority has, people talk about this was a courageous decision. This was not. This is a decision born out of cowardice, cowardice because when I look back on the Port Authority's website, I look at something as simple as the 2011 budget, which the document itself, the first page says December 7th, 2010. You mean to tell me that you guys didn't think about talking about this, making any announcement that "Hey, we may have a problem?" "We may need to raise toll hikes or we may even need to discuss the issue in December." But no, instead, you impose this in August, and you decide to do a two-week turnaround. That's cowardice. That's not courage. And I appreciate the people from the Twin Towers Alliance pointing out one of the major reasons why this charade is happening. I would like to stick around for this, sit through this meeting, but you know what? I'm so disheartened because I know what's coming. And also, I have to go to the job that I took time out of, the same job I take the PATH to. I'm really ashamed of you folks, and you know what? I hope that you will be able to explain to the people that work in your companies, because some of you do run major investment firms, some of you are lawyers, and you have people that work for you that take the PATH every day, either to their jobs or their families. I hope you explain to them this fare hike. This presentation is nice, but you know what? Try to explain the realities to them when they have to go back and forth every day. Governor Cuomo and Governor Christie, what they did is not courageous. It's cowardice, and with you guys voting on it, it's not courageous, it's cowardice. Thank you very much.

Chairman Samson: Thank you. The next speaker is Michael McGuinness of NAIOP Commercial Real Estate Development Association.

Michael McGuinness: Good Morning, Mr. Chairman and members of the Commission. New Jersey chapter of NAIOP, the Commercial and Real Estate Development Association represents owners, developers, investors of commercial real estate properties, office, industrial, mixed use. We strongly support the Port Authority's efforts to fund priority port-related infrastructure projects and the jobs that it secures. The logistics industry is a major component of private sector employment. Nearly 1 out of every 10 payroll jobs in New Jersey is directly in a logistics sector. It accounts for about 11% of the state's GDP. Prior to the great recession, it accounted for about \$50 billion of our GDP according to a Rutgers study. New Jersey offers access to more than 100 million consumers within a 24-hour drive. Our transportation resources link companies to the global economy via air, water, land and rail. Expansion Management magazine recently ranked New Jersey number one in the U.S. in terms of transportation, warehousing and highway connectivity, and number two for railroad service. These are advantages we must capitalize on and invest in as we compete for jobs. It is critical that we support economic development and create new jobs by funding priority port-related



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infrastructure projects such as raising the Bayonne Bridge and other projects to speed the movement of goods and people. Our Port is the Nation's third largest and is the gateway for foreign investment in New Jersey. NAIOP New Jersey supports integrated and aggressive efforts by all parties, private and public to improve the infrastructure and growth of New Jersey's international ports to expand our State's access to and competitiveness in the global marketplace. Again, we fully support these priority projects in the capital plan that benefit the region's transportation and logistics industry. Thank you.

Chairman Samson: Thank you. The next speaker is Eric Anders-Nilsson, the Director of the Jersey City Peace Movement.

Eric Anders-Nilsson: Good Morning, Commissioners. Good Morning everyone. My name is Erik Anders-Nilsson. I'm from the Jersey City Peace Movement. I'm also a commuter. I use the PATH, and I come through the tunnels. First of all, I'd like to say thank you for the service that you provide, clean, fast and get us to our jobs safely every day. I'm here to express my deep regret in the one day of hearings that were held. Many people felt that they were a sham. They were at odd times and the most bizarre locations. The next time something like this happens, we recommend you put posters in all the facilities, in the tunnels and in the PATH in the languages of the people that use your service. Posters in Spanish and Tagalog and Hindi and Arabic. There were no posters in the PATH trains at all. We are here demanding that there's no increase. I can't believe, as thousands of people cannot believe, that these upgrades have not been budgeted through the decades. I can't believe that you woke up on August 4th and said "Oh, my God. We have to increase security, raise the bridge and change the cables on the George Washington Bridge." And then on August 5th you announce this, and two weeks later you're going to vote on it. I'm a union member myself. I belong to two unions, and sometimes my job brings me home at 4 in the morning and I come home safely on the PATH train, and we're here to support our union sisters and brothers here. This is not a wedge that's going to be driven between the working class people. These jobs and upgrades must continue, but with the funds that were already budgeted and not on the backs of the working class and the poor. I mean, you're calling this economic terrorism and what a shame that this is being done on the 10th anniversary, on the horrific attacks of 9/11. An unprecedented increase you had asked for, shocking the people in the tri-state area on the 10th anniversary, September. What a shame. Allegedly, Commissioner Mr. Ray Pocino is also connected to LiUNA. We're calling for him to recuse himself from this vote and at least abstain. We're calling for an audit. Again, we want no increase, and we'd like a guarantee in writing that whatever plan goes through, that all the union brothers and sisters here that came out to all the meetings are guaranteed jobs in whatever plan is coming. Thank you.

Chairman Samson: Thank you. Our last speaker is Denise Richardson, the Managing Director of the General Contractors Association of New York.

Denise Richardson: Good Morning. Thank you for the opportunity to speak today. I'm Denise Richardson, the Managing Director of the General Contractors Association of New York. The need to increase the fares and tolls today is the result of decisions made years earlier by previous administrations, and it is too late to second guess the decision to have the Port Authority finance the reconstruction of downtown, and it is too late to change the scope of the projects to yield the cost savings that would prevent this toll and fare increase. Generations ago, the founding members of the General Contractors Association built the Port Authority's transportation network, and we understand the importance that it plays in the regional economy, and we have seen the impact of years of deferred capital investment on that infrastructure. And we urge you to support the proposed

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toll and fare increase that alleviates the sticker shock to the commuters but will preserve the Port Authority's financial plan for years going forward. We cannot continue to defer critical projects like the George Washington Bridge, the Lincoln Tunnel Helix and other needed improvements. The region's economy is too fragile to recover from additional deferred capital investments. So, we urge you to support this plan. Thank you.

Chairman Samson: Thank you. That is our last speaker. Would any of the Commissioners like to make any comments? Commissioner Lynford.

Commissioner Lynford: Chairman. Excuse me, and fellow Commissioners. Good Morning. When Governor Andrew Cuomo appointed Commissioner Scott Rechler and me to serve on the Board of the Port Authority of New York and New Jersey, we knew this to be an organization with an extraordinary historic mission and a fine record of accomplishment. We knew of its pioneering leadership in the construction operation of complex transportation system and its reputation as "an engine of economic growth" for the bi-state metropolitan region. You can imagine our surprise when we found that we had arrived just in time to participate in complex deliberations for controversial Trans-Hudson toll and fare increases. On September 11 2001, the destruction of the World Trade Center dealt a crippling blow to the economic strength of the Authority. As the landlord of what has become a national symbol of pride and patriotism, the Authority has undertaken a Herculean effort to lead the rebuilding of a project which now has an estimated cost in excess of \$11 billion. Further, as our Chief Financial Officer mentioned, over the last 10 years \$6 billion has been spent to safeguard our airports, tunnels, bridges, rail lines and marine terminals from further acts of indiscriminate acts of terrorism. Unfortunately, no incremental revenue has been generated by these major and costly initiatives. As Commissioners, and listening to the comments today and reading the transcripts over the last several days, we are faced with several simultaneous dilemmas. The Authority has proposed significant increases in order to address a potentially destabilizing capital capacity issue. Without additional revenue to support incremental borrowings, the Authority will be unable to complete current projects, execute its long-term capital plan, and maintain satisfying jobs for the people of New York and New Jersey. At the same time, with the substantial current softness and difficulties in our economy, many citizens would prefer no increases. Commissioner Rechler and I take our fiduciary responsibilities very seriously, and Governors Cuomo and Christie would expect nothing less. Thus, we have concluded, after significant review and analysis of a multitude of business, legal, financial, environmental, recreational and congestion pricing considerations, as well as issues impacting the lives of individual commuters and small business owners that the Board of Commissioners should authorize the proposed \$4.50 toll and fare increase as revised and announced here today. In this economic climate, a toll and fare increase should go forward only if it is coupled with the enactment of significant austerity measures to contain and rescind some of the previous business decisions and fiscal practices. As a condition for the Governors not vetoing the proposed fare and toll hike, the Commissioners are commencing a comprehensive financial and operating review of the Authority. It will focus on the Authority's 10-year Capital Plan to reduce its scope and costs along with bottom up management review to define and influence ways to lower costs as well as increase efficiencies. Taken together, and Mr. Chairman, I'm about to wrap up, these initiatives should ensure the completion of the World Trade Center as well as hundreds of capital projects. This, in turn, will reinforce the safety and economic viability of the region's transportation system, which millions of New York-New Jersey residents have come to rely on and will improve the likelihood that the Authority will retain its current AA-investment grade rating, thereby reducing its costs now and for the next decade. In conclusion,

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Commissioner Rechler and I recognize the Authority must maintain its financial strength and reputation to be able to access today's volatile financial markets on the most cost-effective basis. Nevertheless, many families in the States of New York and New Jersey are themselves dealing daily and directly with financial stress. It is the Commissioners' responsibility to balance these competing equities and I want to thank them, my colleagues, and management for working together closely and successfully on this challenging effort. Thank you Mr. Chairman.

Chairman Samson: Thanks Jeff. Would any other Commissioners like to make a comment?  
Commissioner Pocino.

Commissioner Pocino: First, let me say that, Mr. Chairman, your leadership has been impressive, decisive, and I believe will prove greatly effective as we move into the future. I've been around government agencies for more than 50 years. I've been around countless governors and presidents for the same duration. Today, though, is both unique and gratifying. I can count on one hand how many elected officials have shown the courage to do what is right. Governors Cuomo and Christie are a unique leader. They have developed a proposal which encourages economic and infrastructure development while recognizing the burdens this recession places on all of us. But of all the governors I have known, these two men impress me greatly. This is a tough time to make decisions of this kind, yet these two leaders understand that we may have overreached with our original proposal and developed their own plan. This plan erases the burden of working New Yorkers and New Jerseyans while protecting the most vital projects in our region. I applaud Governors Cuomo and Christie for having the courage to create a new and bipartisan model in a world of political inaction and dysfunction. All of us have watched the budget debate unfold in Washington with great frustration and anxiety, yet in this region, we are lucky. We don't have a lack of leadership - quite the contrary. Governors Cuomo and Christie are remarkable public servants who are not afraid to be honest with the public and make the tough decisions. We at the Port have a great burden on us to reform our culture and position this Agency as the most effective economic development engine in the world. We must do that as the Governors have requested. In addition, we will renovate, build and create the best infrastructure in the world to enhance our economic position. On behalf of my friends, Gary La Barbera, Bill Mullen and the tradesmen and woman in New York and New Jersey and especially the men and woman of LiUNA, of which I am very proud, I will be glad to cast my vote today. Governors Christie and Governors Cuomo have made a remarkable commitment to job creation. After 50 years of advocating for economic development, I have never been as impressed with any elected officials as I am today with the Governors Cuomo and Christie. Today they balance the needs of our commuters with the needs of our northeast economic development. It may not be politically popular, but it was honest, straightforward, and the right thing to do. Our Governors will prove to be a national model of success. It is now incumbent upon us at the Port Authority to execute and reform this Agency. Thank you Mr. Chairman.

Chairman Samson: Thank you Ray. Would any other Commissioners like to make comments?  
Okay. I'd like to say something. A few months ago, the Port Authority marked the 90th anniversary of its start when a group of business and government leaders from New York and New Jersey signed the enabling compact that created the Port Authority, the first of its kind in American history. The agreement between our two States was an extraordinary one. Never before in American history had two States in this Country agreed to join together to strengthen the commerce and industry of a single region. This Authority, that was then created, was meant to stand on its own without relying on tax dollars from either state and to build great public works projects-- think of the George

Washington Bridge and the Lincoln Tunnel for two-- for the benefit of the region in a way that would create jobs and promote economic growth. The vision of those first leaders and those who came after them was profound, resulting in the growth of the greatest public authority in the nation's history. Not only in its building of today's monumental infrastructure, but also establishing this Port Authority as the primary driver of economic growth in the region, which it is today. Over the past 90 years, the Port Authority has faced many challenges: the Great Depression, World War II, two terrorist attacks on our nation and on the Authority's own home just a few blocks from here. Those past challenges made some question the Port Authority's vision, but those difficult times never weakened the Authority's resolve, nor did the Authority stray from its primary mission of stimulating economic growth and job creation. As a result, today our combined facilities support over 500,000 jobs and \$80 billion in economic activity, and today that mission, economic growth and job creation, continues and has never been more important. At the same time, today, once again, the Authority, just like the federal government and state governments everywhere, faces significant challenges. The Port Authority's annual net revenues in the last several years have not kept pace with the Agency's projected level of capital spending and the mix of projects required to meet regional, economic and transportation needs. This has been the result of several factors. First, the severe impact of the world economic recession on Agency revenues over the past few years resulting in lost revenues as you have heard of \$2.6 billion. Second, the size and makeup of the Authority's capital plan. Third, a disproportionate investment in non-revenue producing projects. Fourth, the increased subsidization of our deficit-run facilities and operations which are not being offset by other revenues at the same level as in the past; and fifth, past dependence on various one-shot revenue sources that by their very definition do not sustain future capital capacity. All these factors, all five of those factors, have contributed to our revenue losses and our financial outlook. Indeed, it was these very factors which caused Moody's to issue a negative outlook on the Authority's financial status in January of this year. In addition, the Authority's current financial constraints are not limited just to the magnitude of revenue losses. The attacks on the World Trade Center in 2001, the 10th anniversary of which we will commemorate in just three weeks, showed us that we need to strengthen our security at all port facilities to ensure that our passengers, our employees and the public are safe from terrorist attacks. Those improvements in security for our facilities alone have added costs of more than \$6 billion over the past 10 years. We are also rebuilding the World Trade Center site as a symbol of our nation's strength and resilience and as an economic force for the New York-New Jersey region. Of course, it is our moral obligation to the families of the victims lost that day that we rebuild, and we have committed more than \$11 billion for that project. So, it is the impact of these factors, a slowed economy, the commitment to rebuild the World Trade Center site and our other infrastructure investments and our responsibility to provide security for our travelers, our customers and our commuters, all three factors have placed us in today's financial situation. It must be said that recognizing these trends over the last several years, the Port Authority initiated an aggressive program to efficiently manage its resources. For instance, over the past 2 years, the Authority deferred \$3.5 billion in capital projects. In addition, the Authority held operating expenses at zero growth for the past 3 consecutive years and in addition, it reduced the number of employees to the lowest level in the past 40 years. These efforts have helped, but they have not been enough. More needs to be done. On a going-forward basis, this Board will direct and closely oversee the Authority's management to review all aspects of our operations, including a comprehensive review of compensation and benefits and a reevaluation of the Port Authority's capital projects. So, given the Authority's current financial situation, we are facing very difficult choices. Business as usual is not an option because if nothing were to be done, hundreds of construction projects already underway would stop and our financial standing in the market would

surely suffer. At the very moment when our Authority should be creating jobs, we would be stopping projects and losing jobs. At the very moment as a nation and as a region we should be moving forward by investing in infrastructure, we would be shutting down. And at the very moment when the economy of New Jersey and New York needs the Port Authority the most, we would be abandoning our historic mission of economic leadership. It is therefore the judgment of this Board and the Governors we serve that we cannot allow this to happen. Let me identify several projects that must continue. We are investing \$6 billion to complete the World Trade Center, which will include a world class transportation hub to serve a quarter of a million commuters each day, the iconic One World Trade Center that will house hundreds of new tenants, and most importantly, the National 9/11 Memorial. We are investing \$1 billion in raising the roadway of the Bayonne Bridge in anticipation of the widening of the Panama Canal. Every port on the East Coast of the United States is upgrading its ability to accommodate larger ships. We must do the same if we are to maintain the competitive leadership of our ports and the hundreds of thousands of jobs they support in this region. We are investing, along with the private sector, \$1.5 billion in rebuilding the Goethals Bridge, a vital connector of people and goods to and from Staten Island, which is plagued with traffic congestion that costs travelers and businesses unacceptable amounts of time and money. We are investing more than \$100 million in rehabilitating the helix at the Lincoln Tunnel, which serves 40 million vehicles a year. The Helix, which was constructed in 1937, if not soon replaced, will require costly emergency repairs and result in more delays. And we are investing \$700 million to replace suspension cables on the 80 year old George Washington Bridge, the world's busiest crossing. It is essential that these cables be replaced. None of these projects is small, nor are they inexpensive, but we are called to continue our economic leadership and these billions in project investments translate to hundreds of thousands of jobs and billions in sales and wages throughout the Port region. When the Port Authority began looking at both our mission and our challenges, we knew an increase in revenue for tolls and fares had to happen. So, as is the usual process at the Port Authority, the staff developed a proposal that would meet the challenge of fulfilling our financial needs and continue our vision. That proposal was then offered to the public for its comments, and we listened to the people of New York and New Jersey and thousands of them told us what they thought. More than 1,500 people attended the 9 public hearings and one meeting on the proposed toll and fare increase. A complete report including verbatim transcripts was provided to each Commissioner. Every comment has been reviewed and considered by this Board. As a result, we are mindful of the real genuine concerns over the amount of the proposal and the commuters ability to pay for such toll and fare increases. We recognize the proposed increases come at a time when other economic pressures are being felt by our commuters. In addition, hundreds of workers told us of the need for the Port Authority to continue to create good paying construction jobs on both sides of the Hudson. It was a message of overwhelming support for the proposed increase because they know these Port Authority projects drive jobs and economic growth and that a failure to invest in infrastructure today will only cost us more in the long-term. And we listened to Governors Christie and Cuomo. The Governors yesterday directed us to approve a toll and fare increase that is no greater than \$4.50 over 5 years and to commence a comprehensive audit of the Port Authority's 10-year capital plan, finances and operations to find ways to lower costs and increase efficiencies. Because of the leadership of our Governors, I believe we have reached the right balance by prioritizing our infrastructure needs while heeding the concerns of our toll and fare payers. We also now have the direction to ensure that our future finances and operations are prudently managed and efficient. By our action today, we demonstrate we're getting back to our original mission and continuing our more than 90-year tradition of being the economic engine and transportation



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infrastructure leader of New York and New Jersey. Therefore, I would like to move these items forward for approval. May I have a second?

Board of Commissioners: Second.

Chairman Samson: All in favor?

Board of Commissioners: Aye.

Chairman Samson: So moved. And may I have a motion to adjourn the meeting?

Board of Commissioners: So moved.

Chairman Samson: A second? All in favor?

Board of Commissioners: Aye.

Chairman Samson: The meeting is adjourned.